
Driving Profitability Through Employees

Enhancing the Employee Experience

Prepared for XXXXXXXXXXXXXXXXXXXX - XXDATEXX 2010

Advance *Change*
organisational development consultancy



Summary

This Business Analysis Tool consists of a set of best practice criteria that are used to assess a business in terms of its employee experience. It is proven that the employee experience that an organisation offers relates directly to profitability yet many businesses have not yet woken up to this. However, those that do so have a great opportunity to steal a march on their competitors, particularly during a recession.

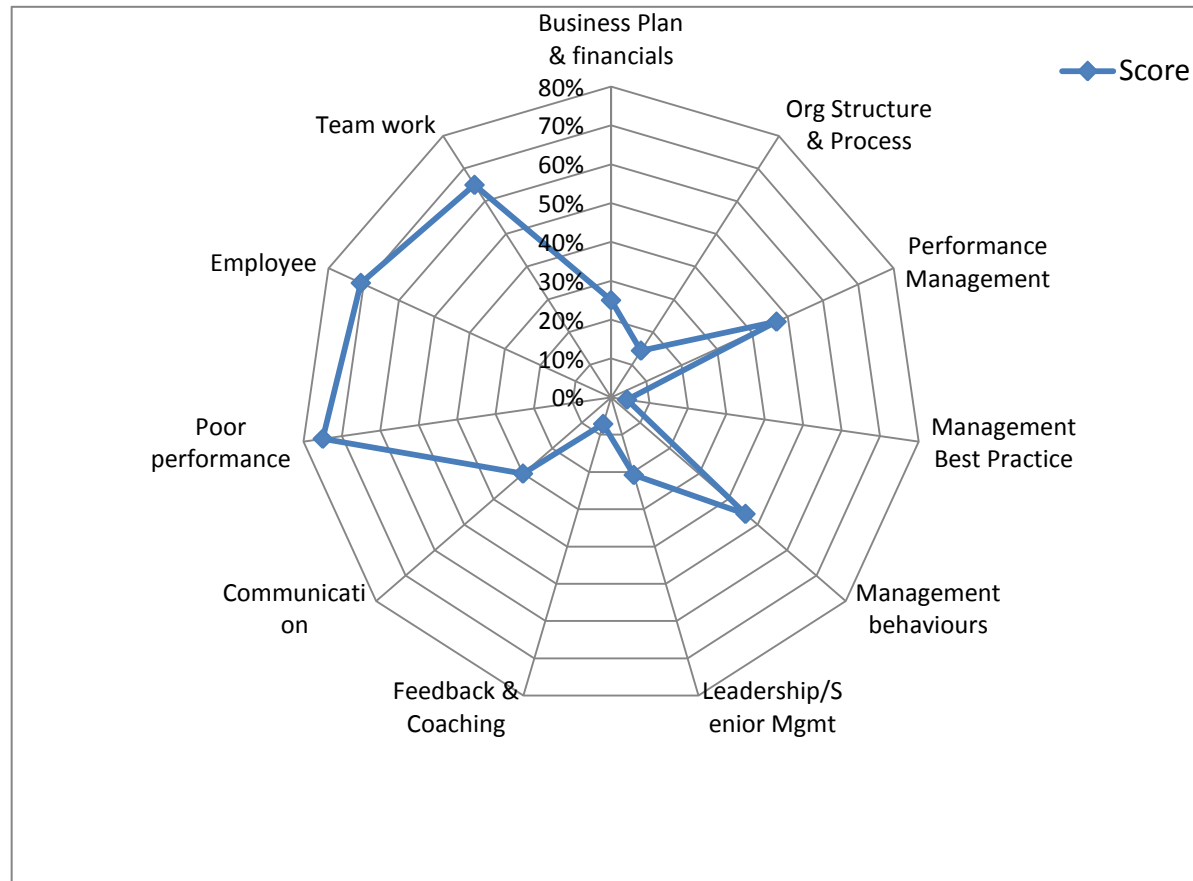
XX board member and **XX** site managers in **XXXXXXXXXX** were interviewed against **XX** standard questions and their responses were averaged to give the percentage scores in the box below. The report has been set out as a table with a summary of best practice in each key section on the left, followed by the score that **XXXXXXXXXX** received in this instance. The next column represents specific observations by our consultant during the course of these interviews and finally you will see our recommendations on the far right.

Unlike most consultancies, the majority of our recommendations are straightforward and can be implemented by businesses without significant cost. However, if you feel that you do not have the time or expertise to implement these recommendations then we would be delighted to work alongside you and build a costing plan that will fit your budget. Some examples of this are listed at the end of this document.

An organisation that is getting the best out of its employee experience would average 75% or higher, as such **XXXXXXXXXX** have lots of potential to gain benefit through developing and implementing a proper Employee Experience plan. Given the culture of the company and the number of recommendations that have arisen from this exercise, it is important to break them down into logical and manageable chunks. Too sudden a culture change could backfire whereas step-by-step progress will reap sustainable rewards.

Overview of Results

(Spider Diagram from Business Results)



Recommended first steps

1. Use this numbered section to provide clear, concise one-liners for first steps the business can take
2. Treat it as 'highlights' to grab attention and show solutions aimed at busy / sceptical readers

Area of Review	Score	Observations	Recommendations
1. <u>Business Plan and Financials</u>	%		
<p>Businesses need to have clear financial targets that are broken down monthly and aligned with sites, teams or individuals. There should be sound logic behind the allocation of targets that can be explained if challenged.</p> <p>It is wise to target sales people strategically, e.g. Margin or product mix if that is key to the company strategy.</p> <p>Ideally target achievement should be within the control of the individual in question.</p> <p>In order to grow, businesses should have a living business plan that covers Vision, mission, 3-5 year plan, marketing & sales strategies etc.</p> <p>Having a succinct vision statement, supported by company values can be powerful in giving employees a sense of belonging, pride and positions the business powerfully in the mind of the customer</p>		<i>Enter observations here...</i>	<ul style="list-style-type: none"> • Enter recommendations here
2. <u>Organisational Structure and Process</u>	%		
<p>There is a proven link between the ‘employee experience’ that your organisation offers, the customer experience that your customers receive and the profitability of your organisation.</p>		<i>Enter observations here...</i>	<ul style="list-style-type: none"> • Enter recommendations here

<p>High performing organisations provide their employees with clarity in every sense. This clarity starts with the company structure, understanding who their line manager is and who evaluates their performance. Managers should have a maximum of direct reports if they are to drive high employee performance.</p> <p>Then, they need to know clearly what is expected from them at work. The usual way of doing this is through individual role profiles or job descriptions setting out the purpose, key activities and tasks within a role. It may also set out the desired behaviours associated with that role in the form of competencies. This achieves the basic level of shared understanding of performance expectations for each individual.</p> <p>To drive growth and high performance, a company needs to set annual performance targets and objectives which are cascaded openly from the business plan, company targets and team targets help to drive high performance quarterly. These should be working documents that are visible to employee and manager and returned to on a number of occasions over the business year.</p>			
<p>3. <u>Performance Management</u></p>	<p>%</p>		
<p>Performance Management is the name for the process of managing people effectively. This process is underpinned by best practice management behaviours which make the difference between performance management and driving high performance. Every successful blue chip company has this embedded in their</p>		<p><i>Enter observations here...</i></p>	<ul style="list-style-type: none"> • Enter recommendations here

<p>HR processes</p> <p>An effective performance management process can be viewed as a cycle that starts with setting clear performance objectives at the start of the business year and ends with a review of performance against these. For this to impact performance positively it is essential that the performance against objectives is reviewed at least once a year and ideally quarterly.</p> <p>To drive business performance forward sustainably, it is helpful to set more than just financial objectives and the Balanced score card mechanism is an ideal framework to use to achieve sustainable business performance. By setting additional business objectives in the areas of customer, process and people (as well as financial) it is possible to look more broadly at how to improve profitability.</p> <p>To ensure focus, objectives should be cascaded from the business plan but agreed face to face with the employee. Employees should have between 4 and 12 objectives at any point in time, which are reviewed with their line manager regularly. Objectives should be written using the SMART methodology.</p> <p>During one of the reviews it is helpful to discuss training needs and career aspirations and arrange relevant training to meet these needs. The ability of the manager to really focus on the needs of the individuals is vitally important here.</p> <p>To give this process ‘teeth’ it is helpful for it to link to a performance rating and ideally to some level of</p>			
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remuneration.			
4. <u>Management Best Practice</u>	%		
<p>These are the skills and behaviours used by managers in support of your performance management process. This is about getting the best out of people as individuals and the purpose is to deliver profit. Management best practice behaviours create a positive employee experience for staff, this in turn impacts your customer experience, resulting in customer loyalty and increased profit.</p> <p>What is Management Best Practice? It is using the performance management process for the benefit of the employee as well as the business. This means making the employee feel valued by scheduling regular 121's and performance appraisals and prioritising them. During these meetings, the manager's full attention will be on the employee, looking to understand them as an individual in order to motivate them appropriately.</p> <p>Highly effective managers use their emotional intelligence skills of self-awareness and empathy to make the individual feel understood while keeping a strong focus on task. They habitually give feedback on task and behaviours in the work environment and at one to ones, making a point of 'catching people doing things right'. By building up the employee's self esteem and trust by giving genuine feedback they are also able to give constructive criticism without employees becoming defensive. This is the key to driving high performance in</p>		<p><i>Enter observations here...</i></p> <ul style="list-style-type: none"> • Enter recommendations here 	

<p>each individual.</p> <p>These are in no way ‘fluffy’ skills as manager’s build up a strong relationship and high employee loyalty through these behaviours which can directly affect profitability both through the enhanced employee experience route described earlier and through the improved employee performance as they learn to repeat more of the positive behaviours and avoid the unhelpful ones through the regular feedback.</p> <p>The most effective manager’s have perfected the skills of coaching and are able to coach along the continuum of ask to tell. They are confident and able to guide employees to make decisions, agree objectives without dictating or jumping in with their own answer. This is key to gaining real buy in and ensuring that their team take personal responsibility for achieving the business goals.</p>			
<p>5. <u>Management Behaviours</u></p>	<p>%</p>		
<p>This is how the managers conduct themselves within the business on a day to day basis, are they positive role models or do they let the side down? As soon as someone becomes a line manager, it is essential that they appreciate that everything they say or do is 10 times more visible than it was as an employee. The way they conduct themselves 100% of the time sends out a message to the people who report in to them and those around them.</p>		<p><i>Enter observations here...</i></p>	<ul style="list-style-type: none"> • Enter recommendations here

<p>This is a tough message for new managers and particularly those who are appointed from within a team as they are suddenly exposed and may feel isolated. They need strong support from their line manager or an outside coach in these times of transition to ensure that they don't retreat or 'go native' aligning themselves more closely with their team than the company goals and values.</p> <p>The managers need to be clear on the company vision, they need to be congruent and act as though they fully support and believe in it which is most easily achieved if they have had involvement in setting parts of it and/or agreeing their personal objectives which have been cascaded down from this.</p> <p>They need to be able to translate the vision/targets into tasks or job goals that are meaningful for their team, this gives people the chance to feel a sense of purpose and to understand how their individual efforts connect with the greater goals. It is not enough to assume that people can make these connections for themselves, it is essential that managers are continually able to remind people of these.</p> <p>The personal conduct of the manager, the way they speak to colleagues and staff, they need to be seen as courteous and interested in others, passing the time of day. They also need to be able to recognise good performance publically and potentially demonstrate a level of unselfishness here by allowing their team to take the credit for activities that they could personally have set up.</p>			
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<p>All these skills can be learned, however when recruiting new managers it is wise to prioritise those with a natural inclination for people and an ability to model appropriate behaviours from the start as the learning curve will be less steep.</p>			
<p>6. <u>Leadership Behaviours</u></p>	<p>%</p>		
<p>As with the last point, this is how the leaders conduct themselves within the business on a day to day basis, are they positive role models or do they let the side down? If being a manager makes someone 10 times more visible than an employee, consider multiplying this again and view leaders as being minor celebrities within their business. Just like through the British press, the scrutiny of being in the public eye can make natural human flaws seem disproportionately large.</p> <p>Don't allow your leaders to make the mistake of hiding themselves away to avoid the exposure and scrutiny though. This 'invisibility' just leaves room for speculation, rumour and for people to fill in the gaps about where the leaders are - on the golf course/on holiday. It is very hard to expect your staff to work all hours/turn up on time if the behaviours of your leaders don't model this. Motto of great leaders is "Act like the employee you want to retain"</p> <p>This can be lonely and isolating, so it is important that a leader feels secure in themselves to ensure that they inspire others to follow them. Having a strong leadership team who will challenge and support is one way of coping with this, working with an executive coach is another positive</p>		<p><i>Enter observations here...</i></p>	<ul style="list-style-type: none"> • Enter recommendations here

<p>outlet.</p> <p>Leaders need to be seen to seek the opinions of others (even if they feel they have the answers) Companies with a positive employee experience (and corresponding profits) have employees who feel heard or listened to. That doesn't mean that you need to take on every suggestion, but it helps if you can communicate why you can't. That is how you can be seen as fair, reasonable and consistent – again key to engagement</p> <p>Leaders need to engage and motivate their managers and model the best practice management skills that they want their manager's to use on their team. If a leader never sits down do a 121 with their manager's, is it really a surprise when they do the same?</p> <p>To be genuinely visible and demonstrate leadership within an organisation doesn't happen by accident, it requires planning , particularly if in a company with different sites or a large building. Written communication goes some way to bridge the gap, but a rule of thumb would be that leaders should be visible informally at least quarterly to all staff, increasing as the company sized diminishes.</p>			
<p>7. <u>Feedback and Coaching</u></p>	<p>%</p>		
<p>Much of this can be achieved through modelling positive management behaviours, however high performing companies have feedback cultures where it is not threatening to look at how things can be done better.</p>		<p><i>Enter observations here...</i></p>	<ul style="list-style-type: none"> • Enter recommendations here

<p>This may be through employee improvement suggestion schemes, team improvement or peer feedback.</p> <p>Creating an open and honest culture takes a bit of time and patience, but it is the hallmark of high performing companies where people are not afraid to make mistakes and learn from them. The foundation of this culture is involved and empowered employees who understand and buy into the company vision. Therefore this is a second tier organisational intervention that will only be successful if the proper foundations have been built through effective objective setting and communication of the vision and effective management and leadership behaviours.</p> <p>A feedback and coaching culture would be supported through the performance management cycle where employees would have a development review or meeting over the course of the year. This would raise any development or training gaps and the manager would work with the employee in a structured way to address them by setting development objectives and monitoring progress. Clearly people have to feel supported in order to admit that they need to develop and be motivated to change their behaviours.</p> <p>Another key aspect of this more sophisticated culture is around the type of feedback where “softer” or more behavioural issues are addressed. Introducing a behavioural competency framework into a business and incorporating it within the performance management cycle is a best practice method of addressing the more subtle behaviours that often undermine team or individual performance. A competency framework makes</p>			
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<p>traditionally “subjective” items such as behaviours “objective” so that they can be observed, measured and most importantly be improved.</p> <p>Running a successful business is akin to being a successful parent in some ways as reinforcing positive behaviours is one of the best ways of driving good performance. Employing some sort of regular recognition system is a great way of doing this and doesn’t need to be costly. From weekly emails with “star” of the week or “most improved team” to annual awards ceremonies. These do not need to be costly systems but can reap huge benefits in terms of employee experience generating the return.</p>			
<p>8. <u>Communication</u></p>	<p>%</p>		
<p>This is the most difficult thing for all companies to get right whether large or small, it is the most common complaint on employee opinion surveys often to the frustration of leaders and managers who feel they are communicating as much as they can.</p> <p>One fundamental problem is that communication is often ‘at’ or ‘to’ people as opposed to ‘with’ them. This would be the case of written communication such as emails or newsletters or audio’s. There is a place for written communication, however it should be just one of a number of communication routes which include face to face, group discussion and informal.</p> <p>Written communication can also be a rather blunt communication tool so it is important to make sure that it</p>		<p><i>Enter observations here...</i></p>	<ul style="list-style-type: none"> • Enter recommendations here

<p>is upbeat and motivational the vast majority of the time. If people feel that they are being 'beaten' with it, they soon switch off or worse it de-motivates them</p>			
<p>9. <u>Poor Performance</u></p>	<p>%</p>		
<p>The way to avoiding poor performance is by having clear job descriptions, objectives and performance management behaviours in the first place. That way, low or poor performance is picked up straight away and individuals are given the guidance or training that they need to perform.</p> <p>The principle should always be to “grasp the nettle” with poor performance, ensuring that a line manager picks up on any issues and discusses them with the employee. The most common cause of poor performance is lack of clarity for an employee so again, clear objectives and job descriptions minimise this. However, should an employee still underperform (ranging from persistent lateness, to missing target or lack of teamwork) it is still best addressed by the manager having a conversation and effectively “drawing a line in the sand” in terms of what is or is not acceptable. The manager should document this conversation and ideally put it on email or in writing to the employee just to demonstrate that there is no room for the employee to be unclear about what is acceptable. This is not part of the disciplinary process as in most cases it is enough to turn behaviour around.</p> <p>However, if the underperformance continues then the manager can start to invoke the disciplinary process confident that they have been clear and therefore fair to</p>		<p><i>Enter observations here...</i></p>	<ul style="list-style-type: none"> • Enter recommendations here

<p>the employee and in the eyes of a tribunal</p> <p>This should be backed up by proper HR policies around performance, disciplinary procedures and processes.</p>			
<p>10. <u>Teamwork</u></p>	<p>%</p>		
<p>Galvanising a team to pull together is an excellent way of enhancing individual results as the sense of working in a positive and successful team pulls performance along and raises the game. The same is true for healthy intra and inter team competition and this can be an excellent way for individuals to develop strong friendships at work, loyalty and fun.</p> <p>All of these enhance the employee experience directly and can have additional benefits such as positive peer pressure – working extra hours to get a job done, lowered absenteeism and synergistic results</p> <p>Team work can be developed through ensure there is a team focus, team objectives, shared tasks and team competitions and recognition. Ideally this should support and work alongside individual goals and recognition.</p>		<p><i>Enter observations here...</i></p>	<ul style="list-style-type: none"> • Enter recommendations here
<p>Overall Score for Employee Experience</p>	<p>%</p>		

Potential Investment

Please enter recommendations for investment here...

References:

Please see the terms Employee Experience and Engagement as interchangeable

Buckingham & Coffman (1999) *First break all the rules*: The path to business performance starts with great managers, leads to engaged employees, leads to customer loyalty leads to company profit

(Gallup (2009) *“Beyond the significant differences engaged workgroups show in productivity, profitability, safety incidents, and absenteeism versus disengaged workgroups, we have proven that engaged organizations have 2.6 times the earnings per share (EPS) growth rate compared to organizations with lower engagement in their same industry”*

Hewitt Associates (2004) Research Brief: *Employee engagement higher in double-digit growth companies.*

ISR (2004) *Bottom line is better by engaging employees.*

Lambert; CRF review (Jan 2010) *Employee engagement and organisational performance: “ Priorities in enhancing employee engagement are leadership – clear direction and role modelling behaviours, making managers responsible – e.g. part of their performance review; building rounded performance management skills, with situational appreciation; two way communication and involvement*”

Macleod (2009) *Engaging for success – a report to Government: “The way employee engagement operates can take many forms – that is one of the most fascinating aspects of the topic – and the best models are those which have been custom-developed for the institution”*

Towers Perrin (June 2004) *“Results show that companies with engagement levels above their industry sector's average outperform their peer group, on aggregate, by 17 per cent in terms of operating margin”*

Yeandle (2009)EEF *“It will be hard to get through the recession without engaging your workforce”*